

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02
STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 L-03 PA-01
PRS-01 USIA-06 IO-13 XMB-02 /082 W
-----022041Z 041697 /73

R 021916Z JUN 77

FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0045
INFO AMEMBASSY ASUNCION
AMEMBASSY BELIZE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY BUENOS AIRES
AMEMBASSY CARACAS
AMEMBASSY GEORGETOWN
AMEMBASSY GUATEMALA
AMEMBASSY KINGSTON
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY MONTEVIDEO
AMEMBASSY NASSAU
AMEMBASSY PANAMA
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTIAGO
AMEMBASSY TEGUCIGALPA

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USEEC

E.O. 11652: N/A

TAGS: XM, EEC

SUBJECT: EC/LATIN AMERICAN RELATIONS--EC MOVES TO WORK
WITH LA'S ECONOMIC SYSTEM AND TO ESTABLISH

REGIONAL OFFICE IN CARACAS

REF: E C BRUSSELS A-022

1. SUMMARY: EC COMMISSION OFFICIALS RECENTLY MET WITH THE LEADERSHIP OF THE LATIN AMERICAN ECONOMIC SYSTEM IN ORDER TO DISCUSS WAYS OF IMPROVING THE CURRENT EC/LA DIALOGUE AND TO DISCUSS POSSIBLE EC/LAES COOPERATION. THE EC PLANS TO ESTABLISH A LA REGIONAL OFFICE IN CARACAS, REDUCING THE STAFF AND IMPORTANCE OF ITS CURRENT OFFICE IN SANTIAGO. END SUMMARY.

2. EC COMMISSION OFFICIALS INFORM US THAT THEY HAD A PRODUCTIVE MEETING WITH THE PERMANENT SECRETARY OF THE LATIN AMERICAN ECONOMIC SYSTEM (LAES), JAIME MONCAGO, CONCERNING STRENGTHENING EC/LA TIES. MONCAGO MET WITH EC COMMISSION VICE PRESIDENT HAFERKAMP AND COMMISSIONER CHEYSSON TO DISCUSS WAYS TO REVITALIZE THE PRESENT EC/LA DIALOGUE (SEE REF.) AND POSSIBLE WAYS THAT THE EC COULD SUPPORT LAES. NO SPECIFIC DECISIONS WERE TAKEN, BUT THE COMMISSION PLANS TO WORK WITH LAES IN DEVELOPING SUGGESTIONS TO IMPROVE EC RELATIONS WITH LA REGIONAL GROUPS. COMMISSION OFFICIALS WILL GO TO CARACAS IN OCTOBER TO REVIEW PLANS WITH LAES.

3. THE COMMISSION ALSO IS CONSIDERING POSSIBLE FINANCIAL ASSISTANCE THROUGH REGIONAL GROUPS SUCH AS HELPING TO FINANCE THE ENRICHMENT OF FOODSTUFFS AND THE CONSTRUCTION OF FERTILIZER PLANTS. THIS AID COULD AMOUNT TO \$6 TO \$7 MILLION THIS YEAR AND WOULD COME LIMITED OFFICIAL USE

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FROM EC FINANCIAL AID FOR NON-ASSOCIATED COUNTRIES. SO FAR, HOWEVER, NO SPECIFIC COMMITMENTS HAVE BEEN MADE BECAUSE THE EC COUNCIL OF DEVELOPMENT MINISTERS HAS NOT YET AGREED ON THE GUIDELINES FOR DISBURSEMENT OF THIS AID. THE EC IS ALSO CONSIDERING POSSIBLE TECHNICAL ASSISTANCE TO LAES TO HELP SUPPORT ITS VARIOUS ACTION PROGRAMS.

4. COMMISSION OFFICIALS ADD THAT THEY WANT TO DEVELOP A CLOSE WORKING RELATIONSHIP WITH LAES BECAUSE IT APPEARS TO BE THE MOST EFFECTIVE LA REGIONAL ORGANIZATION. THEY PLAN TO PROCEED SLOWLY, HOWEVER, AND WILL WAIT FOR LAES TO PROPOSE INITIATIVES. FOR THE TIME BEING THEY WOULD LIKE TO MAINTAIN A FLEXIBLE, INFORMAL RELATIONSHIP WITH LAES. IN THE FUTURE, HOWEVER, SHOULD LAES BE INTERESTED AND SHOULD RELATIONS PROGRESS SUFFICIENTLY, THE EC MIGHT CONSIDER A REGIONAL FRAMEWORK AGREEMENT WITH LAES TO FORMALIZE ITS TIES WITH LAES.

5. THE EC RECENTLY ANNOUNCED THAT IT IS PROPOSING THE ESTABLISHMENT OF A LA REGIONAL OFFICE IN CARACAS. THE EC PLANS TO SHIFT 3 OF ITS 4 OFFICERS IN SANTIAGO TO CARACAS. THE CARACAS OFFICE WOULD REPRESENT THE EC THROUGHOUT LATIN AMERICA, AND THE CURRENT SANTIAGO OFFICE WOULD FOCUS ON THE SOUTHERN CONE OF LA AND ON ECLA. THE EC WOULD LIKE TO TRANSFER ITS CURRENT SANTIAGO DELEGATION HEAD, WOLFGANG RENNER, FROM SANTIAGO TO CARACAS. RENNER, HOWEVER, HAS BEEN IN SANTIAGO FOR ELEVEN YEARS AND WOULD PREFER TO RETURN TO BRUSSELS. COMMISSION OFFICIALS SAY THE VENEZUELAN GOVERNMENT HAS INFORMALLY AGREED TO

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THE PROPOSED OFFICE, BUT PRIOR TO A FINAL DECISION THE GOV MUST SEEK PARLIAMENTARY APPROVAL TO GRANT DIPLOMATIC PRIVILEGES TO THE EC DELEGATION. NO PROBLEMS ARE EXPECTED IN THIS REGARD AND THE NEW OFFICE SHOULD BE OPENED EARLY NEXT YEAR. THE SANTIAGO SUB-REGIONAL OFFICE WOULD BE UNDER THE DIRECTION OF THE OFFICE IN CARACAS.

6. EC OFFICIALS CONTINUE TO NOTE THE DISAPPOINTING RESULTS OF THE CURRENT EC/LA DIALOGUE. THE SEMI-ANNUAL DIALOGUE WILL AGAIN TAKE PLACE IN BRUSSELS ON JUNE 13, BUT NO MAJOR RESULTS ARE EXPECTED. THEY ADD, NEVERTHELESS, THAT EC EFFORTS TO STRENGTHEN TIES WITH LAES AND TO ESTABLISH A REGIONAL OFFICE IN CARACAS HAVE IMPROVED THE "PSYCHOLOGICAL CLIMATE" FOR EC RELATIONS IN LATIN AMERICA. THEY BELIEVE THAT THE EC HAS DEMONSTRATED GROWING EC INTEREST IN LATIN AMERICA. BUT, THEY FRANKLY CONCEDE THAT THERE IS LITTLE OF REAL SUBSTANCE THE EC CAN DO ON A REGIONAL BASIS. THE EC WILL CONTINUE TO FOCUS ITS RELATIONS ON THE CARIBBEAN AND VARIOUS BILATERAL COOPERATION AGREEMENTS. (SEE REFBO MESSAGE.)

7. THESE OFFICIALS ADD THAT THE DECISION TO ESTABLISH AN OFFICE IN CARACAS HAS NO DIRECT LINK WITH THEIR DESIRE TO WORK CLOSELY WITH LAES. IN ADDITION, THE DECISION DOES NOT INDICATE THAT THE EC IS POLITICALLY AT ODDS WITH THE CHILEAN GOVERNMENT. INSTEAD, THE EC WANTS TO HAVE AN OFFICE CENTRALLY LOCATED IN LATIN AMERICA.

8. THE PRESIDENT OF THE INTER-AMERICAN DEVELOPMENT BANK MET WITH EC COMMISSION OFFICIALS IN MARCH TO DISCUSS EC/IDB COOPERATION. COMMISSION OFFICIALS SAY THAT THE EC IS NOT CONSIDERING PROVIDING FINANCIAL ASSISTANCE TO THE IDB, BUT THEY WANT TO COORDINATE

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FINANCIAL ASSISTANCE TO THE CARIBBEAN AND TO SELECTED LATIN AMERICAN COUNTRIES. THE EC PLANS TO WORK CLOSELY WITH THE IDB REPRESENTATIVES IN PARIS AND LONDON.

9. THE EC COMMISSION CHIEF OF LATIN AMERICAN RELATIONS, LUIGI BOSELLI, EXPRESSED A DESIRE TO BE KEPT INFORMED OF US POLICY DEVELOPMENTS IN LATIN AMERICA. HE IS CONSIDERING THE POSSIBILITY OF STOPPING IN WASHINGTON TO MEET WITH APPROPRIATE OFFICIALS HANDLING LATIN AMERICAN AFFAIRS. THE MISSION WOULD APPRECIATE BEING INFORMED IF DEPARTMENT OFFICERS WOULD BE AVAILABLE TO MEET INFORMALLY WITH BOSELLI, PROBABLY SOME TIME IN OCTOBER.

10. COMMENT: AS SUGGESTED IN REF MESSAGE, THE EC HAS WANTED FOR SOME TIME WAYS TO WORK CLOSELY WITH LAES AND TO STRENGTHEN ITS TIES WITH VENEZUELA. DESPITE COMMISSION STAFF DISCLAIMERS, THE EC HAS BEEN UNCOMFORTABLE REGARDING THE LOCATION OF THEIR OFFICE IN SANTIAGO. THE DECISION TO SHIFT ITS MAIN LA OFFICE TO CARACAS INDICATES: 1) A DESIRE TO WORK WITH THE GOV MORE CLOSELY; 2) A DOWNGRADING OF EC ACTIVITIES IN CHILE; AND 3) THE DECLINING IMPORTANCE OF ECLA AS A REGIONAL ORGANIZATION. HINTON

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Message Attributes

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